

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:) Chapter 11
)
W.R. GRACE & CO., <i>et al.</i> ,) Case No. 01-01139 (JKF)
) (Jointly Administered)
Debtors.)
) Related to Docket No. 6896

**LIMITED OBJECTION OF CERTAIN AIG INSURANCE COMPANIES TO
DISCLOSURE STATEMENT FOR DEBTORS' PLAN OF REORGANTION**

Certain insurance companies which are affiliated with American International Group, Inc. (the "AIG Insurers")¹ by and through its undersigned counsel, hereby file a Limited Objection (the "Limited Objection") to the Disclosure Statement for Debtors' Plan of Reorganization (the "Disclosure Statement"). In support of its Limited Objection, the AIG Insurers represent as follows:

1. Debtors each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on April 2, 2001 (the "Petition Date"). Debtors' Chapter 11 cases were consolidated for administrative purposes.
2. Prior to the Petition Date, the AIG Insurers entered into an agreement with certain of the Debtors where the AIG Insurers agreed to pay 20% of certain asbestos losses.

¹ The AIG Insurers include: American Home Assurance Company, AIU Insurance Company, Birmingham Fire Insurance Company, Granite State Insurance Company, Illinois National Insurance Company, Insurance Company of the State of Pennsylvania, Lexington Insurance Company, National Union Fire Insurance Company of Pittsburgh, Pa and New Hampshire Insurance Company.

3. The Disclosure Statement appears to describe this agreement as “[o]ne such settlement agreement” at pages 24-25 as follows:

These settlement agreements Grace has entered into settlement agreements with various excess insurance carriers. These settlements involve amounts paid and to be paid to Grace. One such settlement agreement provides for reimbursement of a specified percentage of each dollar spent by Grace or the Non-Debtor Affiliates to settle or defend asbestos-related Claims. Under this agreement, a group of carriers has agreed to reimburse Grace for 20% of each dollar spent to settle or defend personal injury or property damage Claims, up to a remaining maximum reimbursement of approximately \$78 million.

4. The AIG Insurers are parties to an agreement which appears to be the referenced agreement. The description set out above, however, is either inaccurate or incomplete, and subject to verification, the reference to \$78 million appears to be incorrect. The AIG Insurers request that the Debtors advise the AIG Insurers whether the referenced agreement is the agreement with them. If so, the AIG Insurers request that the description be made more accurate.

JOINDER

5. The AIG Insurers reserve the right to join in any other objection to the Disclosure Statement.

CONCLUSION

6. The AIG Insurers request that the Disclosure Statement be made more accurate in the manner referred to above.

Dated: December 21, 2004

Respectfully submitted.

ASHBY & GEDDES

A handwritten signature in black ink, appearing to read "William P. Bowden", is written over a horizontal line.

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